

Grayside Financial Services

1st Floor, 55 High Street,
Epsom, Surrey KT19 8DH

Tel: 01372 726 162 Fax: 01372 724 988

Email: enquiries@grayside.co.uk



GRAYSIDE
FINANCIAL SERVICES

Headline announcements at a glance

What the Chancellor had to say

- Planned £4.4bn in tax credit cuts abandoned, with taper and threshold rates for working tax credits and child tax credits remaining the same
- Government to breach overall welfare cap in first years of Parliament
- Government to borrow £8bn less than forecast, with the aim of securing £10.1bn budget surplus by 2020
- Total spending to rise from £756bn this year to £821bn by 2019/20
- State spending 36.5%, as a share of total output, in five years – a reduction from 45% in 2010
- Overall day-to-day departmental spending to be cut by £20bn, equivalent to 0.8% of total expenditure each year by 2020
- Policing, health, education, international aid and defence budgets protected
- Transport, environment and energy resource budgets falling by 37%, 15% and 22% respectively

ECONOMY

- GDP growth forecast of 2.4% in 2015, 2.4% in 2016 and 2.5% in 2017
- Employment forecast to be 31.1 million in 2015, rising each year to 32.2 million in 2020.
- CPI inflation is forecast to be below the 2.0% inflation target in 2015, returning gradually to 2.0% in 2019
- Public sector net borrowing is forecast to fall to 3.9% of GDP in 2015/16, and then to fall each year for the remainder of the forecast period
- Public finances forecast to return a surplus of £10.1 billion in 2019/20 and £14.7 billion in 2020/21
- Public sector net debt is forecast to fall each year reaching 71.3% of GDP in 2020/21

WELFARE AND TAX CREDITS

- £12bn in targeted welfare savings to be delivered in full
- Housing benefit for new social tenants to be capped at same level as private sector

- Housing benefit and pension credit payments to be stopped for people who leave the country for more than one month
- Department of Work and Pensions budget to be cut by 14%
- Job centres to be co-located in council buildings
- Conditions for benefits to be extended to more than one million more claimants

POLICE, SECURITY AND JUSTICE

- No real-terms cuts in police budgets in England and Wales, with spending to increase by £900m by 2020
- Forces expected to make efficiency savings by sharing resources
- Underused courts to be sold off, raising £700m for new technology
- Defence budget to rise from £34bn to £40bn by 2020, with extra cash for the security services
- Overseas aid budget to increase to £16.3bn by 2020, while Foreign Office budget protected in real terms

HEALTH

- Health budget in England, currently £101bn, to rise to £120bn by 2020/21
- The NHS in England to get upfront cash injection of £6bn next year as part of £10bn added funding
- NHS in England expected to make £22bn in efficiency savings
- An extra £600m earmarked for mental health services
- Grants for student nurses to be replaced by loans
- Cap on training places for nurses removed, with goal of increasing numbers by 10,000
- New social care 'precept' in council tax of up to 2% to allow local councils to raise £2bn for social care
- Better Care Social Fund to be increased by 1.9%

- £15m raised from charging VAT on sanitary products to be given to women's health charities

PENSIONS, SAVINGS AND PERSONAL TAXATION

- State Pension to rise by £3.35 a week to £119.30 next year
- Savings credit to be frozen at current level
- Every individual and small business to have their own digital tax account by the end of the decade

EDUCATION

- Schools budget in England protected in real terms
- Total education budget to rise by £10bn in 2020
- School funding formula to be phased out
- New 30-hour free childcare subsidy for parents of three- and four-year-olds to be limited to those working more than 16 hours a week
- Sixth form colleges allowed to become academies
- Funding for Further Education colleges to be 'protected in cash terms'

HOUSING AND LOCAL GOVERNMENT

- New 3% surcharge on stamp duty for buy-to-let properties and second homes from April 2016
- Restrictions on shared ownership to be removed and planning system reformed to deliver more homes
- London Help to Buy scheme to offer interest-free loan worth up to 40% of the value of a newly built home
- Plans to hand billions to private developers to build 400,000 new homes in England
- Local government to keep all revenue from business rates by the end of Parliament

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- Councils to receive extra £10m to help homeless people
- Local government spending, in cash terms, to be same in 2020 as 2015

BUSINESS, SCIENCE AND THE ENVIRONMENT

- Business department funding to be cut by 17%
- 26 new enterprise zones to be created
- Uniform business rates to be abolished, with elected mayors allowed to raise rates under certain conditions
- Science budget to rise in real terms to £4.7bn
- Apprenticeship levy set at 0.5% of employer wage bill, with £15,000 allowance for eligible firms
- Funding for flood defence to be protected in real terms
- Energy Companies Obligation to be replaced in March 2017 and Renewable Heat Incentive cut by £700m

INFRASTRUCTURE, TRANSPORT AND CULTURE

- Capital funding of transport projects to rise by 50% by 2020
- £250m support for motorways in Kent to relieve pressure caused by Operation Stack
- Culture department to see funding cut by 5%
- Extra cash for Arts Council and UK Sport
- Free museum entry to be maintained

ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER THE SPENDING REVIEW AND AUTUMN STATEMENT 2015?

There were some positive announcements for individuals and businesses, but it's clear that raising tax revenue is very much on the Chancellor's agenda to help balance the UK's books. To review what action you may need to take to keep your plans on track, please contact us.

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